

DIVERSITY PRACTICES THAT



THE AMERICAN WORKER SPEAKS II

2009 HIGHLIGHTS



MEMORANDUM

TO: The CEO, Any American Business
FR: The American Worker
DT: July 29, 2009
RE: My thoughts on diversity and inclusion

You are truly an outstanding leader and on a daily basis show me what smart, effective leadership looks like. You speak with passion and actively & openly communicate to all of us your strategic initiatives for our company. You are growing our market share, enhancing our operational efficiency, and managing our workforce in a manner that is consistent with our growth strategy. You emphasize that you and your senior leaders will drive the initiatives, that we are all accountable for ensuring successful outcomes, that measures will be put in place to track our progress, and that we will continue to receive regular communications from you and others.

But what I would really like to see is that same level of active involvement, commitment, communication, and accountability from you and our other leaders when it comes to diversity and inclusion? That said, and since you've shown by example that what gets measured gets done...then I ask you, since we do an excellent job of creating measures for everything that's important to our business, shouldn't we demonstrate the same rigor surrounding diversity and inclusion? We are all accountable for results. Yet, the absence of concrete measures and mandated accountability does not bode well for diversity and inclusion in our company.

A few years ago, through training and education, we became aware that your commitment to diversity and inclusion was elevated, which was a very eye-opening experience. I thank you for that. What's next? I can clearly see how leveraging diversity and practicing inclusion are critical to achieving the goals that you have established for our company. Increasing our market share requires deeper penetration into more diverse customer bases. Driving operational efficiency requires working in diverse teams and developing innovative processes. Managing our workforce requires us to learn to work with, as well as lead, colleagues and suppliers from around the globe. I know that you believe the same, so shouldn't diversity and inclusion actions be embedded in our key strategic initiatives?

Please know that I feel most fortunate to hold a position in our company. I am eager to assist in addressing my concerns, which I am certain will lead to enhanced business outcomes for us all. Would you be open to having a dialogue on how we can work together to make our company one that others will benchmark when it comes to achieving great business success by way of leveraging diversity and inclusion? I look forward to hearing from you soon.

OUR PRESIDENT SPEAKS

Is diversity and inclusion at work in 2009? With the National Urban League's centennial a few months away, who better to pose this question to, than the *American Worker*. These are the PEOPLE that we have devoted 99 years to nurturing and ensuring opportunity and equality for. Here at the National Urban League our core purpose is to continually command and refresh the highest standards for ourselves in helping and procuring American corporations and businesses, of all sizes, to embrace and act on *diversity practices that work* for all American Workers.

Five years ago, 5,500 American Workers were the nucleus and source of our groundbreaking study, *Diversity Practices That Work: The American Worker Speaks*. It was our hope that business leaders would "hear" what this statistically balanced group of American Workers had to say and begin to redirect, reinvigorate and redeploy diversity programs deemed more meaningful to their workers. Thus, resulting in a workplace that is not only more diverse, but also more successful.

Now, in 2009, does the *American Worker* perceive a more favorable climate with respect to diversity and inclusion in the workplace? Can we say that since 2004 American businesses are indeed now seeing more clearly through color/age/race/and gender-blind eyes?

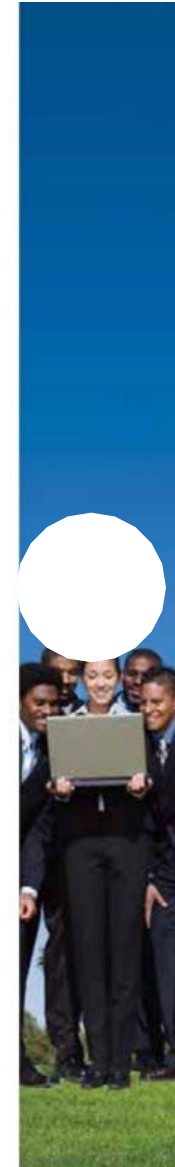
What I see, and am happy to report, is that progress over these past five years has occurred across a few of our targeted themes. The four key areas of growth include: (1) recruiting, developing, advancing, and retaining diverse talent; (2) employee involvement; (3) community, supplier, and customer/consumer diversity; and (4) overall awareness building. However, I ask our corporate and small business leaders to take heed. As there are findings in this study, pursuant to the *American Worker's* perception, that tell us there is a lack of progress when it comes to (1) leadership commitment to diversity; and (2) companies clearly communicating their platform on how they value diversity.

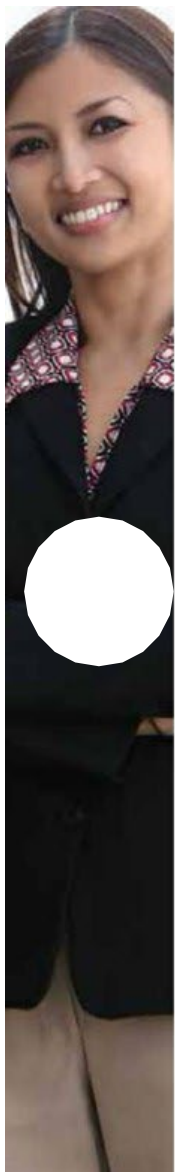
I invite you to see for yourself. I implore you to hear what 1,258 American Workers have to say today. I present to you the National Urban League's 2009 Highlights of *Diversity Practices That Work: The American Worker Speaks II*.

Let's get to work.

MARC H. MORIAL, *President and CEO*
National Urban League

LEAD SPONSORS UNDERWRITING THIS STUDY:





WHY READ THIS STUDY?

Because it's time to hear the *current voice* of the American Worker.

In response to market demand, the National Urban League launched research on *Diversity Practices That Work: The American Worker Speaks II* in early 2009. Longitudinal in design, this new quantitative study leverages the findings from our 2004 study as a baseline and compares these findings to the opinions of American Workers today.

Because it's about you!

Once again, instead of gathering opinions solely from those who lead corporations or are diversity and inclu-

sion practitioners, the findings from this study stem 100% from the voiced perspective of the *American Worker*. A broad, corporate-wide cross-section of actual employees from the bottom up, sharing their opinions relative to the effectiveness of their employer's current diversity and inclusion practices.

Because the goals make sense.

1. We needed to know if positive changes in diversity and inclusion efforts, were indeed taking place in 2009.
2. Equally as important, was determining whether the economic decline and increasing unemployment

rates were having an impact on progress in diversi

3. Additionally, we wanted to update the instrumen used in the 2004 survey to maximize statistical precision and make sure it reflected current trend in diversity and inclusion.
4. We wanted to report on the key results, trends and changes in perceptions of the *American Work* in 2009 by leveraging the findings from 2004.
5. And, we wanted to deliver our quantitative findings to the National Urban League's affiliates, sponsoring corporations, key stakeholders and other interested parties in an effective, easy to comprehend format.

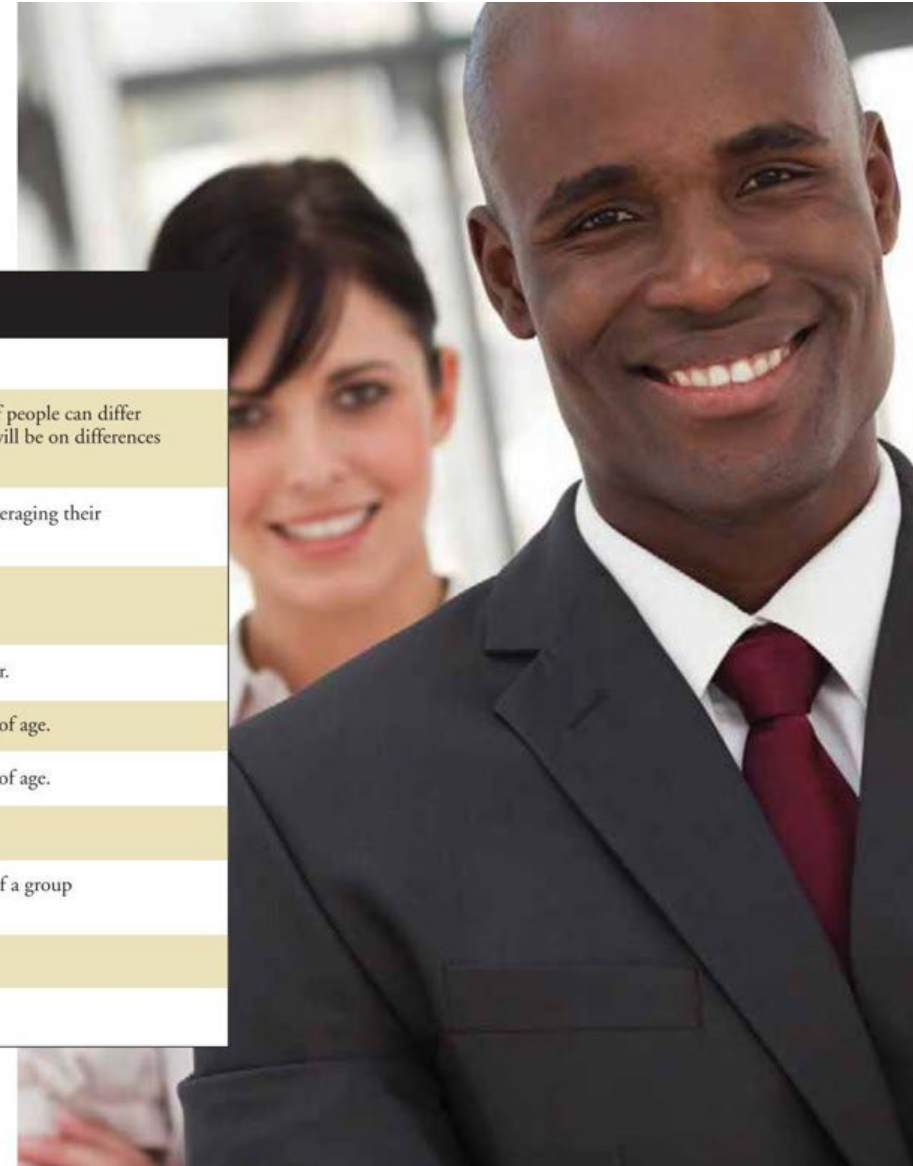
THE METHODOLOGY AND APPROACH

- This study is made up of a comprehensive 59-item survey across 12 theme areas, all focused on the subject of diversity and inclusion.
- Administered from March 26th, 2009 through April 17th, 2009
- Web-based quantitative survey
- Survey responses compiled from a total of 1,258 American Workers and analyzed for significant changes in perception comparative to the 2004 report
- Data reported at 95% confidence intervals
- 1,258 American Workers, to whom the survey was administered, were made up

- of a statistically balanced representative group of American Workers to mimic the 2000 United States Census in terms of race/ethnicity, gender, region, and age.
- To ensure relevancy and accommodate new trends, some questions on the 2009 survey were added, eliminated or changed relative to the 2004 survey. The "Theme Key Questions", survey to survey remained the same, yet the total number of "Themes" decreased survey to survey by one.

For a more detailed explanation of how this study was conducted, please visit the National Urban League's website and download the technical report.

KEY TERMS AND DEFINITIONS	
TERM	DEFINITION
Diversity	While there are infinite ways in which individuals and groups of people can differ from one another, for the purposes of this study, our emphasis will be on differences in race/ethnicity, gender, job type, and age.
Inclusion	The act of fully utilizing all the talent within a company and leveraging their differences and similarities to achieve business results.
American Worker or National Panel	Interchangeable terms for the respondents to this survey.
Millennial	As defined in this study, an individual 29 years of age or younger.
Generation X or Gen-X	As defined in this study, an individual between 30 and 44 years of age.
Baby Boomer	As defined in this study, an individual between 45 and 59 years of age.
Traditionalist	As defined in this study, an individual 60 years of age or older.
Theme	An overarching diversity and inclusion topic that is comprised of a group of related questions.
Strength or "S"	Scores that are $\geq 65\%$ favorable and $< 20\%$ unfavorable.
Opportunity or "O"	Scores that are $< 50\%$ favorable and $\geq 20\%$ unfavorable.





OVERVIEW

The release of *Diversity Practices That Work: The American Worker Speaks II* comes at a critical time for the nation and its corporations.

Across the United States, the population, the workforce, customers, and suppliers of corporations are all more diverse than they were five years ago; a trend that is expected to continue well into this century.

Further, the economies of the United States and its world neighbors are more intertwined than ever, which results in the increased need for understanding and leveraging global diversity.

Given these facts, it is critical to grasp what is and what is not working well on the diversity and inclusion front in Corporate America, because the nation's well being, the prosperity of its people, and the success of its corporations, depend upon it.

Who should read this study?

Simply put, anyone that manages, employs, hires, is, or aspires to be, an American Worker.

Diversity speaks up

The *American Worker* was surveyed in the spring of 2009, a time marked by a number of global economic challenges and profound changes in the workforce.

- The dramatic increase of minorities as a percentage of the U.S. population
- An American workforce more racially and ethnically diverse than ever in U.S. history
- The fact that four generations now exist side-by-side in the workplace
- And, the election of Barack Obama, the first African-American President of the United States—whose victory is widely attributed to the mobilization of an extraordinarily diverse network of Generation X and Millennial supporters.

Questions from the *American Worker*

Although there is general agreement that effective diversity practices are important to business results, responses in this study tell us that **if *our American Workers* could collectively tell their employers what was on their mind, related to the subject of diversity and inclusion, this is what *they* would ask:**

- Why are you, our leaders, not actively involved, measuring results and holding yourselves and others accountable?
- Why is our corporate communication inadequate on the value of diversity? Why aren't you talking more about it and walking the talk?
- Why aren't we building diversity and inclusion skills, given that we have a mandate to build core competencies in all other critical areas?
- Do you understand that if I perceive you as not involved, I infer that it's not important to our company?
- Are you going to make changes to ensure that our corporate diversity initiatives are more effective? Your proactive leadership is essential to our success.

	AGREE 2009	AGREE 2004	+/-
Leadership at my company is committed to diversity	44%	45%	-1%
Leaders at my company hold themselves and their peers accountable for progress in diversity	37%	42%	-5%
Leaders at my company are actively involved in diversity	38%	38%	0
My company has an effective diversity initiative	42%	32%	+10%
My company holds employees accountable for advancing diversity	27%	27%	0
My company measures the effectiveness/ impact of its diversity efforts	27%	35%	-8%
What we see here is that the although Corporate America has advanced in five years by way of communicating effective initiatives, they need to get to work on their commitment to; accountability for; action on; and, measurement of these initiatives.			



	AGREED				
	AFRICAN-AMERICAN	ASIAN	CAUCASIAN	HISPANIC/LATINO	NATIVE AMERICAN
At my company, the value of diversity is clearly communicated	43%	49%	35%	40%	43%
Training and education from my employer teach me how to interact with people that are different	51%	50%	38%	45%	42%
I believe that I will personally benefit from my company's efforts to improve diversity	48%	58%	36%	49%	49%
The low rating among Caucasians is noteworthy because in this study, Caucasians and Asians typically responded more favorably than other racial/ethnic groups. This could suggest that even though companies may be somewhat active in the area of diversity and inclusion, they are less successful communicating these activities and their importance to their Caucasian employees. Further, this indicates a need to build awareness of the benefits that ALL employees will benefit from.					



THE AMERICAN WORKER SPEAKS!

The critical news

The largest decline since the 2004 study is the percentage of *American Workers* who believe their company measures the effectiveness of its diversity efforts. (See chart on page 5.) This is followed by, the second largest decline, the percentage of *American Workers* who feel they will personally benefit from their company's diversity efforts.

There are other significant areas of diversity and inclusion in Corporate America that continue to be viewed as unfavorable. The *American Worker* tells us:

- There's a significant decline in the perception that leaders hold themselves and others accountable for progress with diversity
- An unfavorable perception that leadership commitment exists remains unchanged since the 2004 report
- There's noteworthy concern with how company's hold employees accountable for diversity initiatives
- Awareness of active leadership involvement is low
- And, the perception of corporate communication reflecting diversity is low
- The *American Worker* feels that diversity related training and education doesn't impart skills

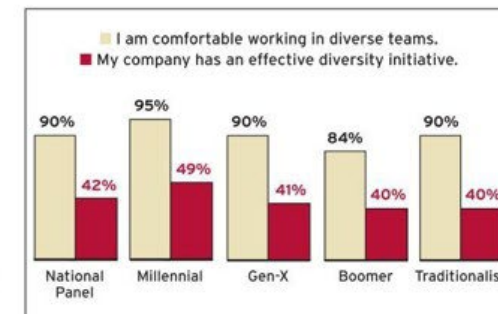
Further, roughly 4 out of 10 *American Workers* believe their company has an effective diversity initiative with only about half feeling diversity is very much a part of their company's culture.

The good news

By far, the largest gain from the 2004 study comes with the number of *American Workers* who feel that the ideas and opinions of all employees are valued. The second largest gain is the perception that immediate supervisors do a good job managing diverse people. This is accompanied by a substantial increase in the number of *American Workers* who report having a good working relationship with their immediate supervisor.

Generational differences

Four generations of American Workers now co-exist in the workplace so, it is important to examine the voice of generational diversity. When it comes to *being comfortable working in diverse teams* and *feeling favorable about the effectiveness of their company's initiative*, the Millennial is by far the most positive and the Boomer the least.



Survey questions showing improvement from 2004 report

These notable increases show an intrinsic acceptance of diversity and inclusion by the *American Worker* on the rise. That is, (1) the playing field appears more level; (2) diverse talent is being developed and retained; and (3) customer/consumer diversity is being recognized.

		2009	2004	+/-
The ideas and input of all employees are valued and appreciated	Agree	77%	37%	+30%
At my company everyone has an equal chance to advance	Agree	62%	44%	+18%
My company is committed to developing people who are diverse	Agree	51%	38%	+13%
At my company people who are different tend to leave	Disagree	62%	50%	+12%
The employees at my company demonstrate an appreciation of our customers' and consumers' diversity	Agree	60%	48%	+12%



THE AMERICAN WORKER SPEAKS

Career Level and Race/Ethnicity differences

While the Supervisor/Manager demonstrate the most favorable ratings within the *career level* sector, Caucasians voiced the least favorable responses within the *race/ethnicity* subdivision.

<i>Percent favorable rating</i>	Non Mgmt/ Hourly	Non Mgmt/ Salary	Supervisor/ Manager	Executive Officer	African- American	Asian	Caucasian	Hispanic/ Latino	Native American
Leadership is committed	33%	46%	61%	44%	41%	48%	41%	40%	40%
Leaders are involved	30%	39%	53%	47%	37%	48%	35%	36%	37%
Leaders are accountable	28%	43%	41%	54%	38%	47%	35%	36%	37%
Employees are accountable	21%	32%	35%	38%	27%	38%	34%	33%	28%
Impact is measured	23%	27%	38%	33%	33%	36%	23%	30%	30%
Belief in personal benefit	32%	53%	48%	60%	48%	58%	36%	49%	49%
Initiative is effective	38%	47%	49%	57%	50%	51%	37%	38%	42%

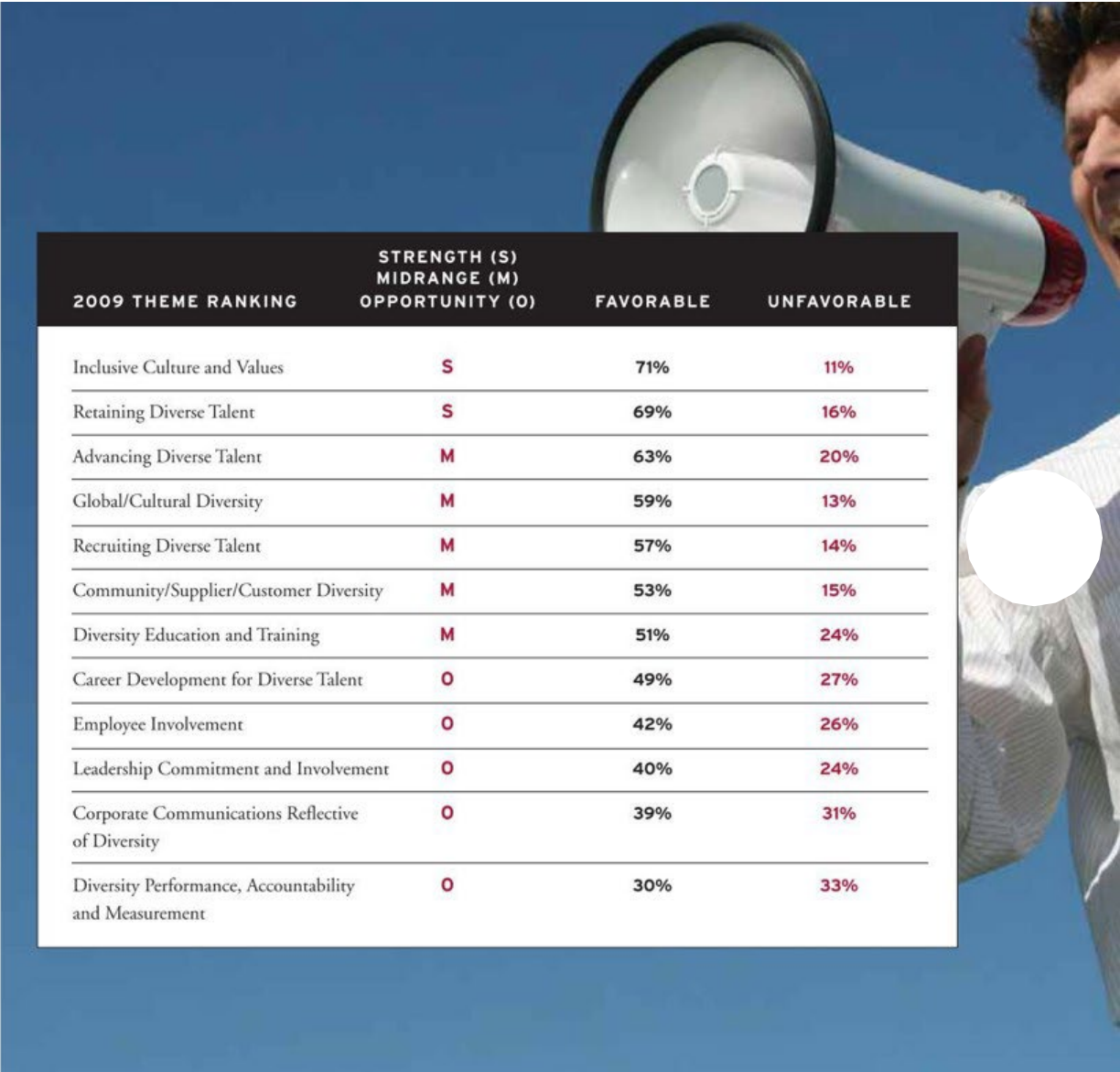
Gender differences

Of the 59 survey questions in this study, the findings for only 6 show statistically reliable differences between the female (f) and male (m) *American Worker*:

- Equal opportunity to advance: 58% (f), 65% (m)
- Fair rate of pay: 52% (f), 60% (m)
- Knowledge about job openings: 64% (f), 71% (m)
- Diversity improves creativity and innovation: 83% (f), 74% (m)
- Emphasis on successful cross-cultural interaction: 72% (f), 63% (m)
- Company encourages learning about other cultures: 50% (f), 41% (m)

Overall theme-level results

Twelve theme areas form the basis of the questions for our survey. The survey results show that only 2 themes can be categorized as strengths, while the remainder clearly represent opportunities for Corporate America with the greatest attention and work needed in company practices in the areas of diversity performance, accountability and measurement.



2009 THEME RANKING	STRENGTH (S) MIDRANGE (M) OPPORTUNITY (O)	FAVORABLE	UNFAVORABLE
Inclusive Culture and Values	S	71%	11%
Retaining Diverse Talent	S	69%	16%
Advancing Diverse Talent	M	63%	20%
Global/Cultural Diversity	M	59%	13%
Recruiting Diverse Talent	M	57%	14%
Community/Supplier/Customer Diversity	M	53%	15%
Diversity Education and Training	M	51%	24%
Career Development for Diverse Talent	O	49%	27%
Employee Involvement	O	42%	26%
Leadership Commitment and Involvement	O	40%	24%
Corporate Communications Reflective of Diversity	O	39%	31%
Diversity Performance, Accountability and Measurement	O	30%	33%



LET'S GET TO WORK

CORPORATE LEADERS—Seven recommended actions

1. **Take the lead** and act upon a genuine commitment to diversity and inclusion by treating it, not as a program, but as a business strategy complete with required leadership competencies and accountabilities.
2. **Take a change management approach** as it applies to diversity and inclusion in that it encompasses the key success factors of leadership, accountability, measurement, education and communication that are visible!
 - Develop a diversity and inclusion strategy that is directly tied to your corporate business objectives.
 - Make every C-suite member (not just the HR leader or the Chief Diversity Officer) accountable for divisional and overall corporate diversity and inclusion goals.
 - Include diversity and inclusion as a key part of your standing business agenda.
 - Add diversity performance into your performance management process, and measure it both quantitatively and qualitatively.
 - Create a corporate-wide rewards system for outstanding results that can be attributed to leveraging diversity and inclusion.
 - If any of your customers, consumers and/or suppliers are located outside of the U.S. ensure that your strategy is global. Pay particular attention to the needs of each global region sensitivities in the areas of gender and religion, as this could be key to your success.
 - Be prudent in how you address and include generational groups.
3. Continue to **diversify your supplier base**.
4. **Consider community involvement** as a strategic component since corporate reputation can be tied closely to it.
5. Continue to **foster the recruitment, retention, career development and advancement of emerging minority racial/ethnic groups** in the United States that continue to make a profound impact on the composition of the workforce.
 - Pay particular attention to succession planning as it relates to the advancement of minority racial/ethnic groups into upper leadership positions and the C-suite. In most corporations these levels still have the least diversity and inclusion.
 - Build familiarity, comfort and trust with people who are different from you to aid you with a genuine willingness to act on evaluating and including the diversity of talent available to you and your company.
6. **Develop a comprehensive and ongoing corporate communication strategy** for diversity and inclusion.
 - Ensure that your communications strategies incorporate multiple modalities: visual, verbal, print, online (intra and internet), social networking, etc.
 - Communicate to all stakeholders inside and outside of the company.
7. Frequently **include direct references to diversity and inclusion** in your communications.

HUMAN RESOURCES PRACTITIONERS— Five recommended actions

1. *Make diversity and inclusion a required competency.*
2. *Create a sustainable suite of diversity and inclusion training/educational offerings* that are level-specific and include a leadership track.
 - Align training objectives with overall business objectives that are relevant to all participants.
 - Take training well beyond basic awareness by including strong skill-building components.
 - Include global training modules.
 - Consider mass-delivery modalities (e-learning, classroom, etc.).
 - Include diversity and inclusion within new-hire onboarding.
3. *Evaluate the entire talent life-cycle process* for parity and equal access for all employees.
4. *Create diversity councils* that have a business focus.
5. *Support employee affinity groups* that have a business focus.

THE AMERICAN WORKER— Two recommended actions

1. *Build meaningful relationships* with people who are different than you.
2. *Mentor and teach others* what you have learned and experienced in how to be successful with colleagues, suppliers, customers and consumers who are different from you.





OUR MISSION AT WORK

Who we are

The National Urban League is a historic civil rights organization dedicated to economic empowerment in order to elevate the standard of living in historically underserved urban communities. Founded in 1910 and headquartered in New York City, the National Urban League spearheads the efforts of its local affiliates through the development of programs, public policy research and advocacy. Today, there are more than 100 local affiliates in 36 states and the District of Columbia, providing direct services that impact and improve the lives of more than 2 million people nationwide.

Our strategy

The National Urban League employs a five-point approach to provide economic empowerment, educational opportunities and the guarantee of civil rights for African-Americans.

What we do

Education and Youth Empowerment ensures the education of all children by providing access to early childhood literacy, after-care programs and college scholarships.

Economic Empowerment invests in the financial literacy and employability of adults through job training, homeownership and entrepreneurship.

Health and Quality of Life Empowerment promotes community wellness through a focus on prevention, including fitness, healthy eating and access to affordable healthcare.

Civic Engagement and Leadership Empowerment encourages all people to take an active role to improve quality of life through participation in community service projects and public policy initiatives.

Civil Rights and Racial Justice Empowerment guarantees equal participation in all facets of American society through proactive public policies and community-based programs.

For additional information regarding the National Urban League's Effective Diversity Practices Studies, kindly contact:

Wanda H. Jackson, Senior Vice President,
Human Resources and Chief Talent Officer,
at 212-558-5400 or wjackson@nul.org.

Genevieve Coleman, Vice President, Global Lead
Management Consulting at 513-366-8344

To download the entire study please visit
www.nul.org

Empowering Communities. Changing Lives.

ACKNOWLEDGMENTS

The National Urban League would like to thank several organizations, corporations and people for their support of, and participation in this *Diversity Practices That Work II*. These include:

- **The Diversity Practice that Work 2 Project Team:**

Alonzo Byrd (Enterprise Rent-A-Car)
Chris Tabourne (Enterprise Rent-A-Car)
Michael Coyle (PG&E)
Wanda H. Jackson (National Urban League)
National Urban League:
Stephanie Jones • Lisa Bland Malone • Mark McArdle

- **2009 Advisory Panel Members:**

William Harper, III, Vice President & Chief Diversity Officer (PG&E)
Erika James, Ph.D., Professor, Darden Graduate School of Business
(University of Virginia)
John Peoples, President & GM (SC Johnson Canada)
Emily Pitts, CDO (Edward Jones)
Barbara Thomas, President & CEO (National Black MBA)

- **Global Lead Management Consulting**

Janet B. Reid, Ph.D. • Vincent Brown • Oris Stuart, III, MBA
Genevieve Coleman, MA • Kieran Bailey, MS • Suzanne Fuller

- **Dennis Dowdell, Jr.,** VP Human Resources, Memorial Sloan-Kettering Cancer Center

- **Enterprise Rent-A-Car** for underwriting the research for this study and for their additional financial support with the editing.

- **PG&E** for underwriting the research for this study.

- **Wal-Mart Stores, Inc.** for their financial support as this study's design sponsor.

- **Adecco** for their support in printing this study.

- **LASCALA LOCOCO** for copy editing and design.



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Can you hear us?

We hear you.



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